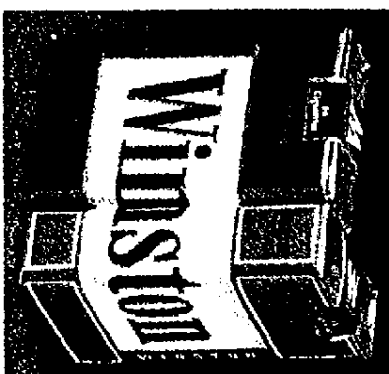


Pathmark Stores Inc.

1997 Business Review



RR Reynolds
Tobacco Company

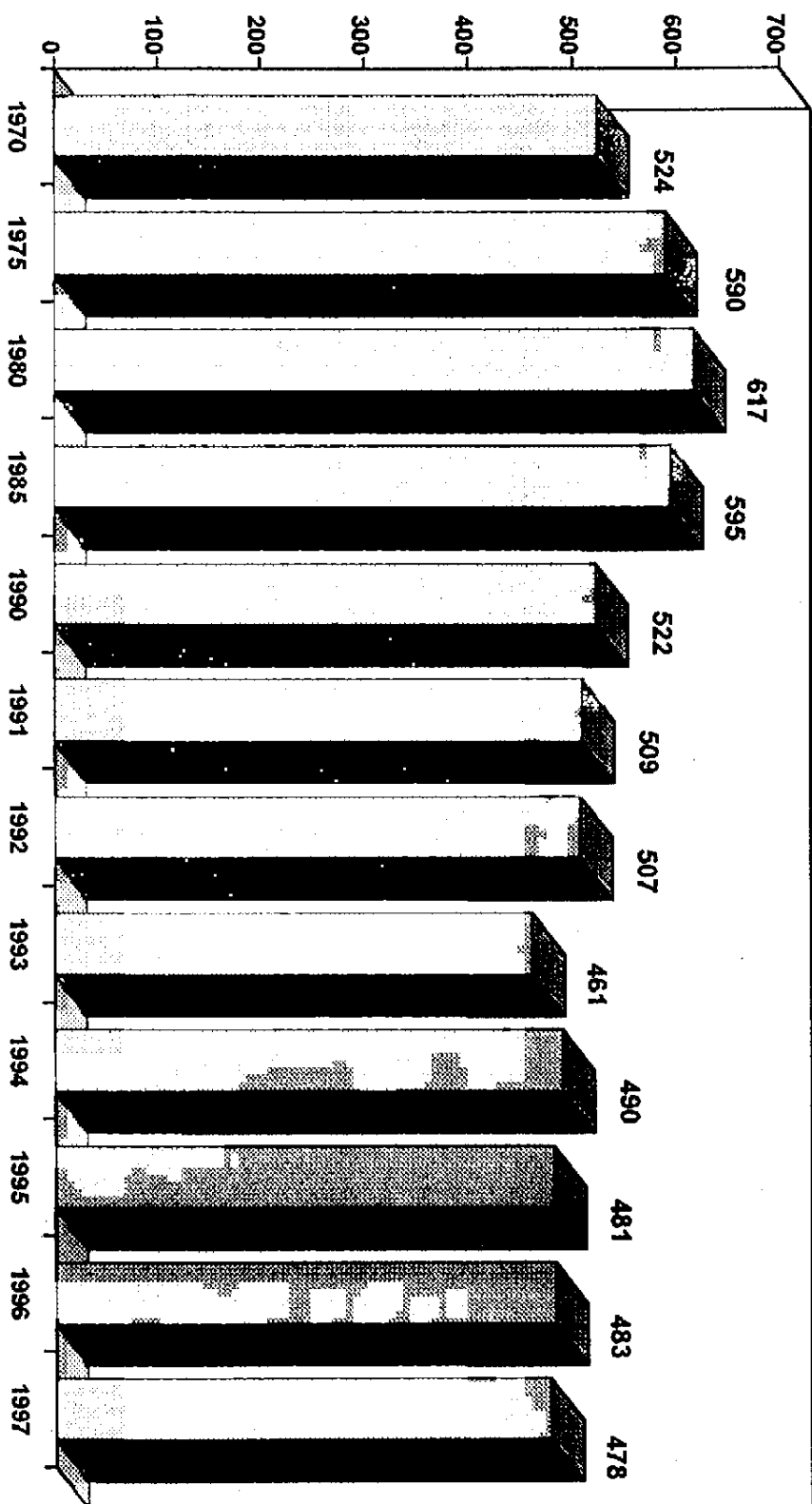


Pathmark Stores Inc.

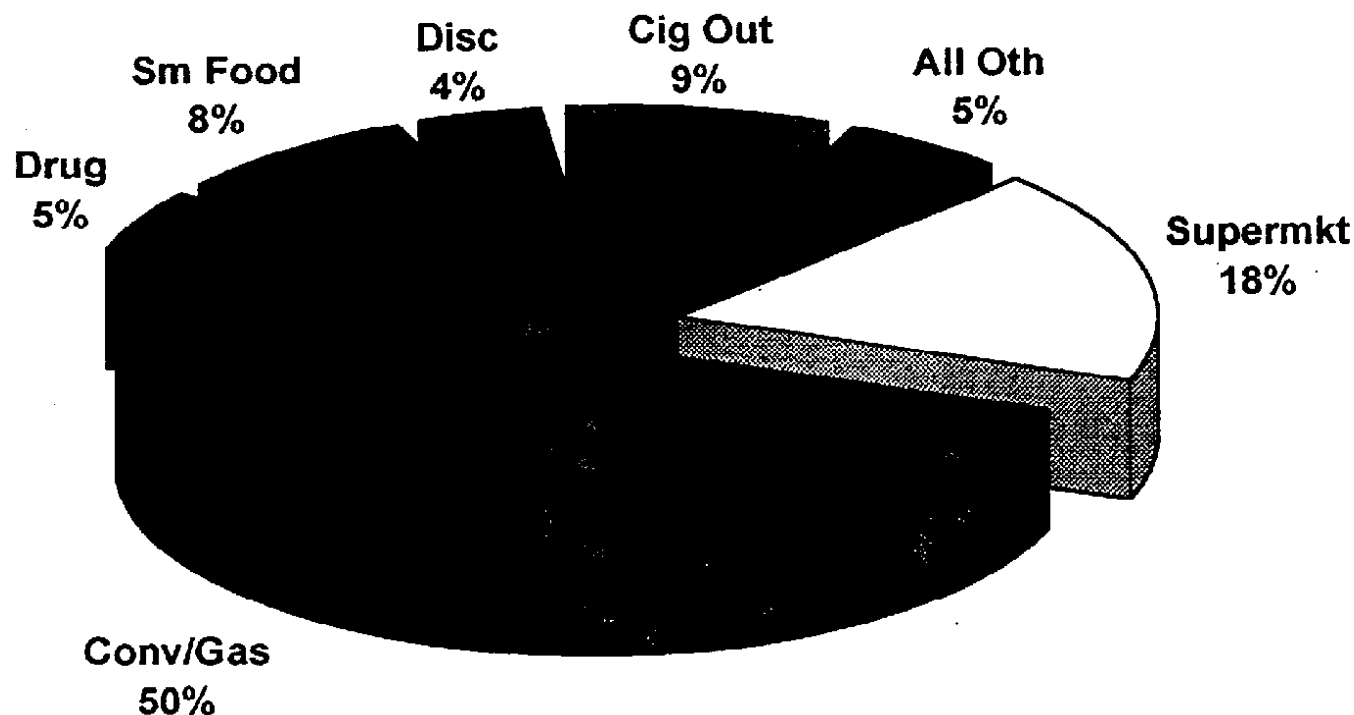
CONFIDENTIALITY

This confidential report was prepared
for your exclusive use in concert with
R. J. Reynolds Tobacco Company.

Total U.S. Cigarette Industry Volume Billions of Cigarettes - Annually

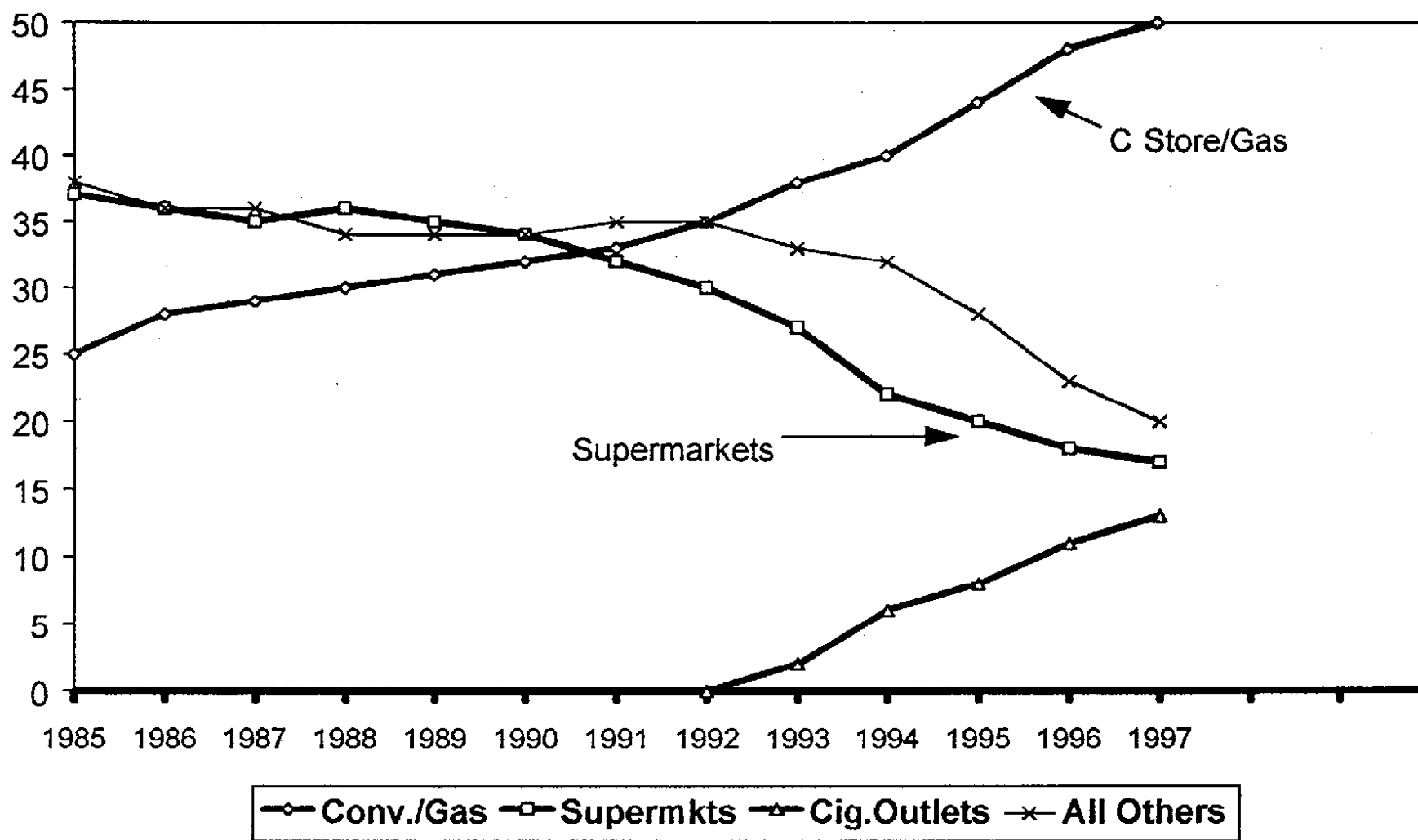


Cigarette Retail Dollar Sales Percent of Total U.S. - 1997 \$

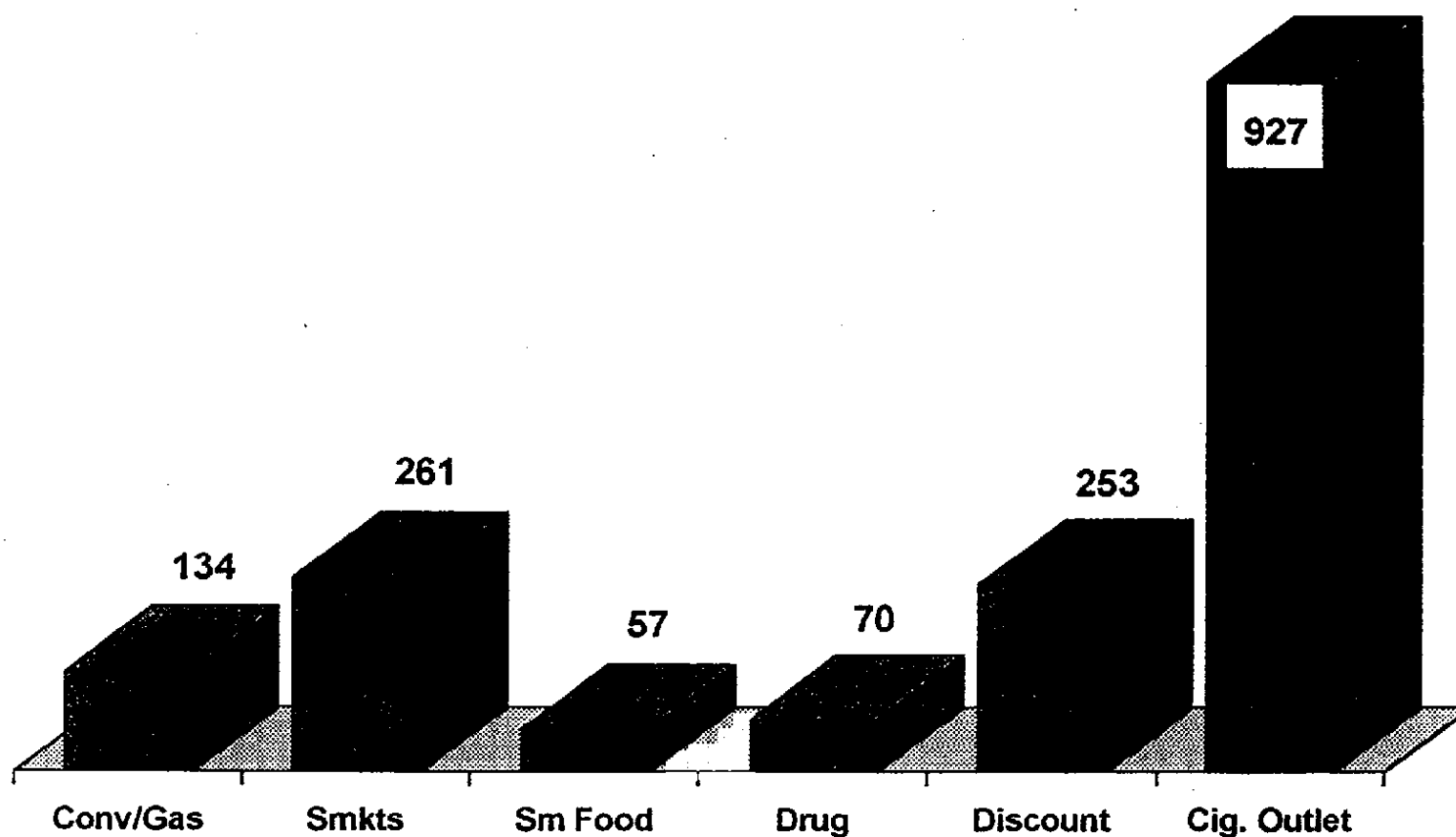


- Cigarettes produce BIG sales dollars for each retail segment.

Total U.S. Share of Cigarette Industry Volume Major Trade Class Trends

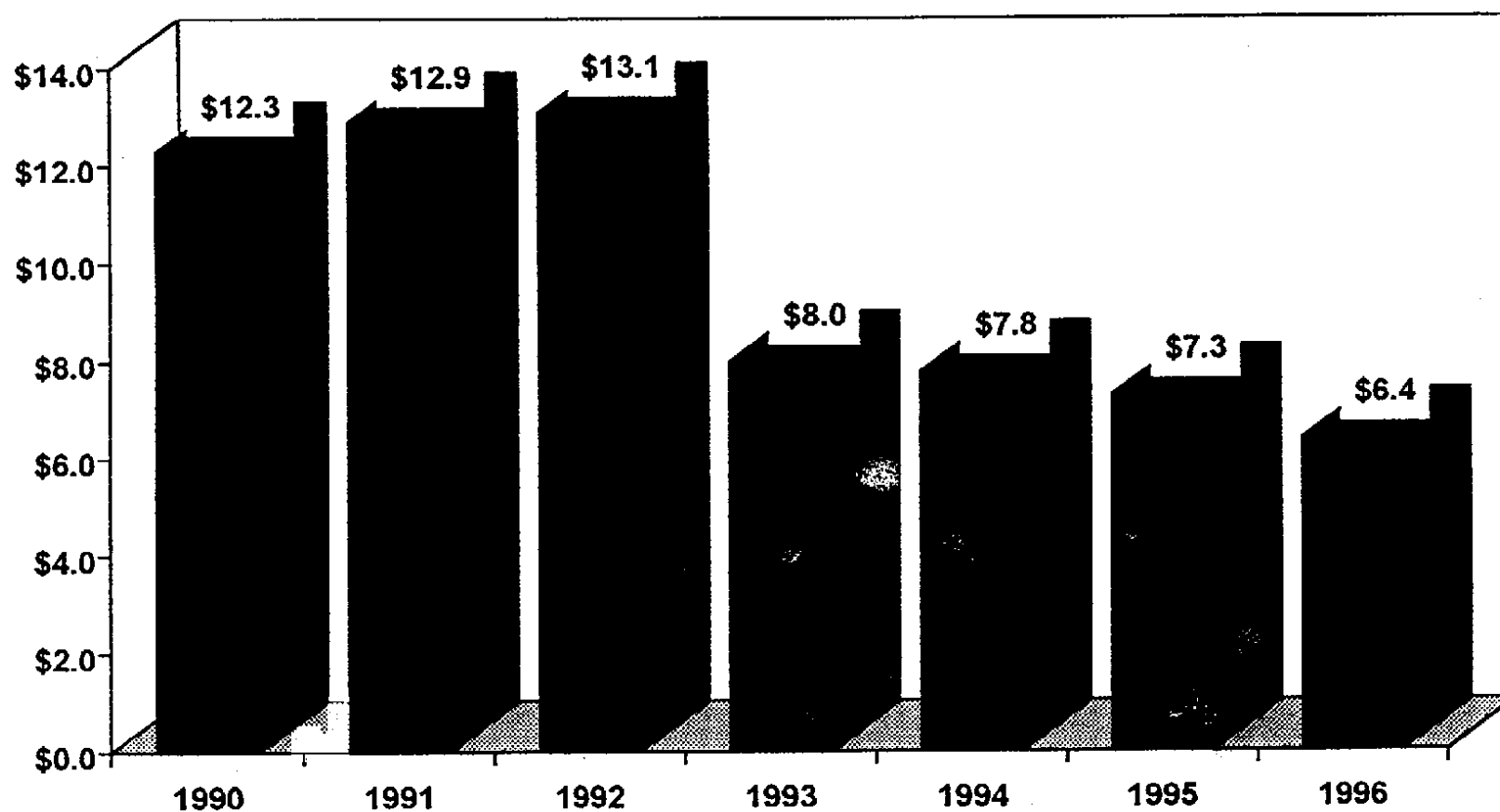


Total U.S. By Major Trade Class - 1997
Average Weekly Carton Volume / Per Store



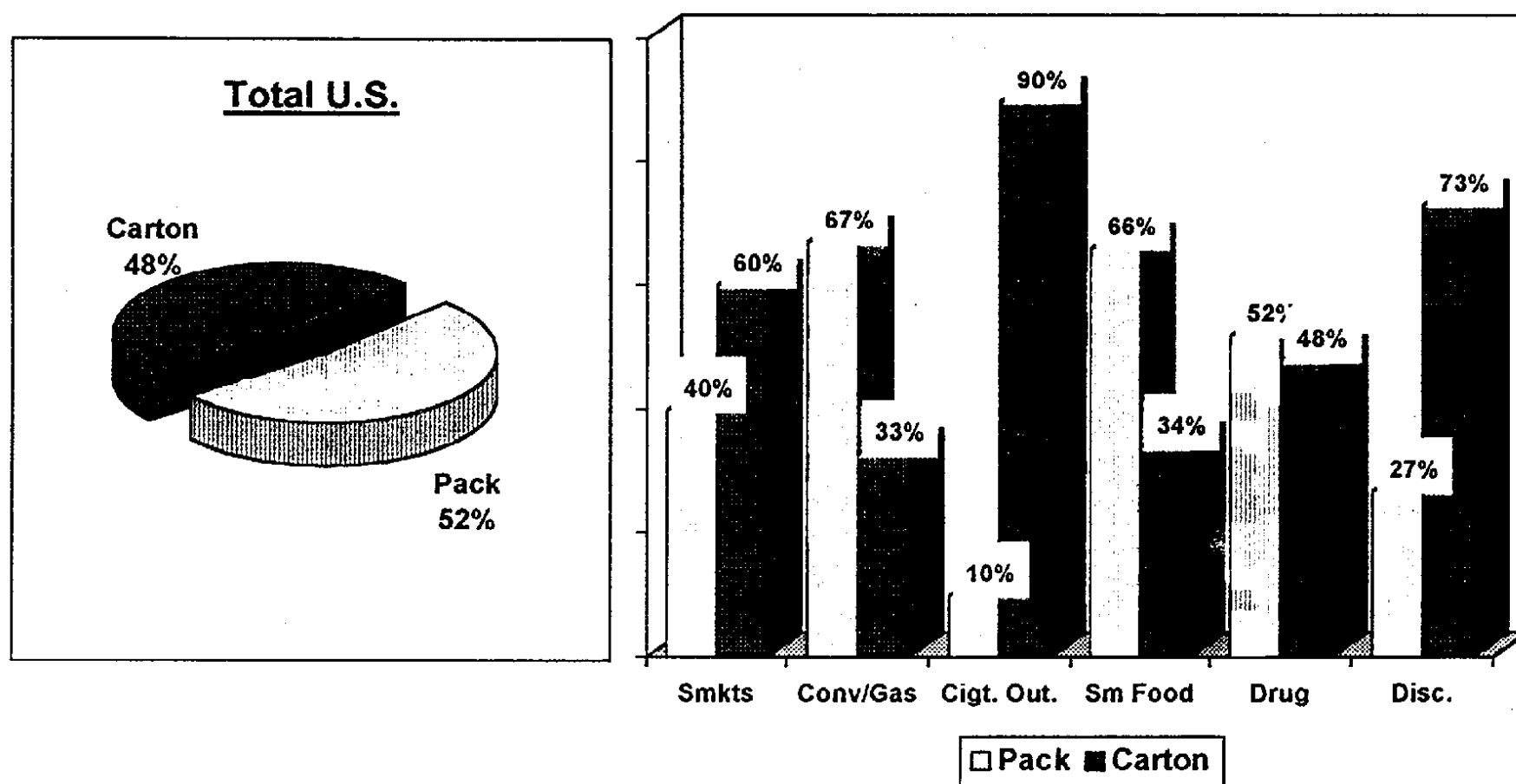
Supermarkets Cigarette Retail \$ Sales

Billions of Dollars

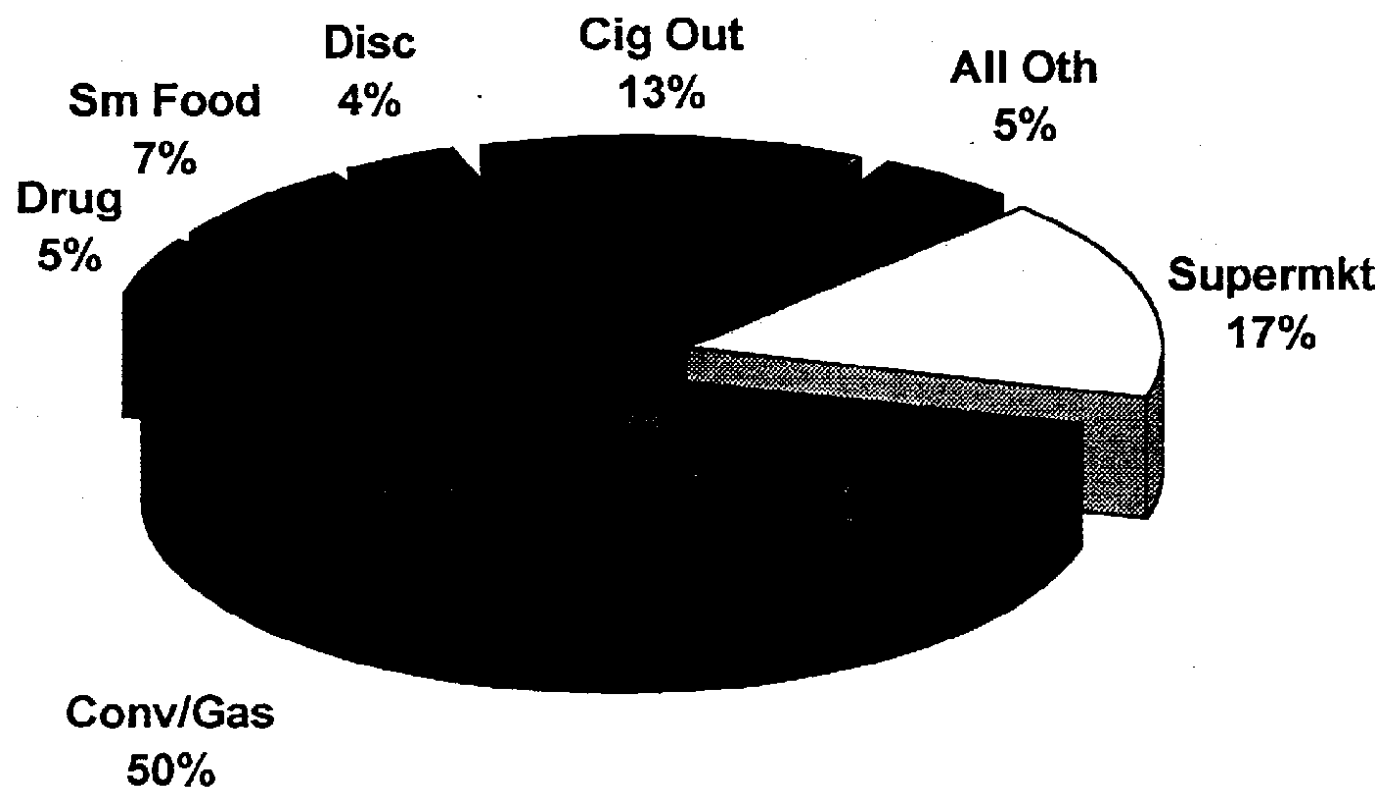


"How Consumers Purchase"

Pack / Carton Ratio - 1997

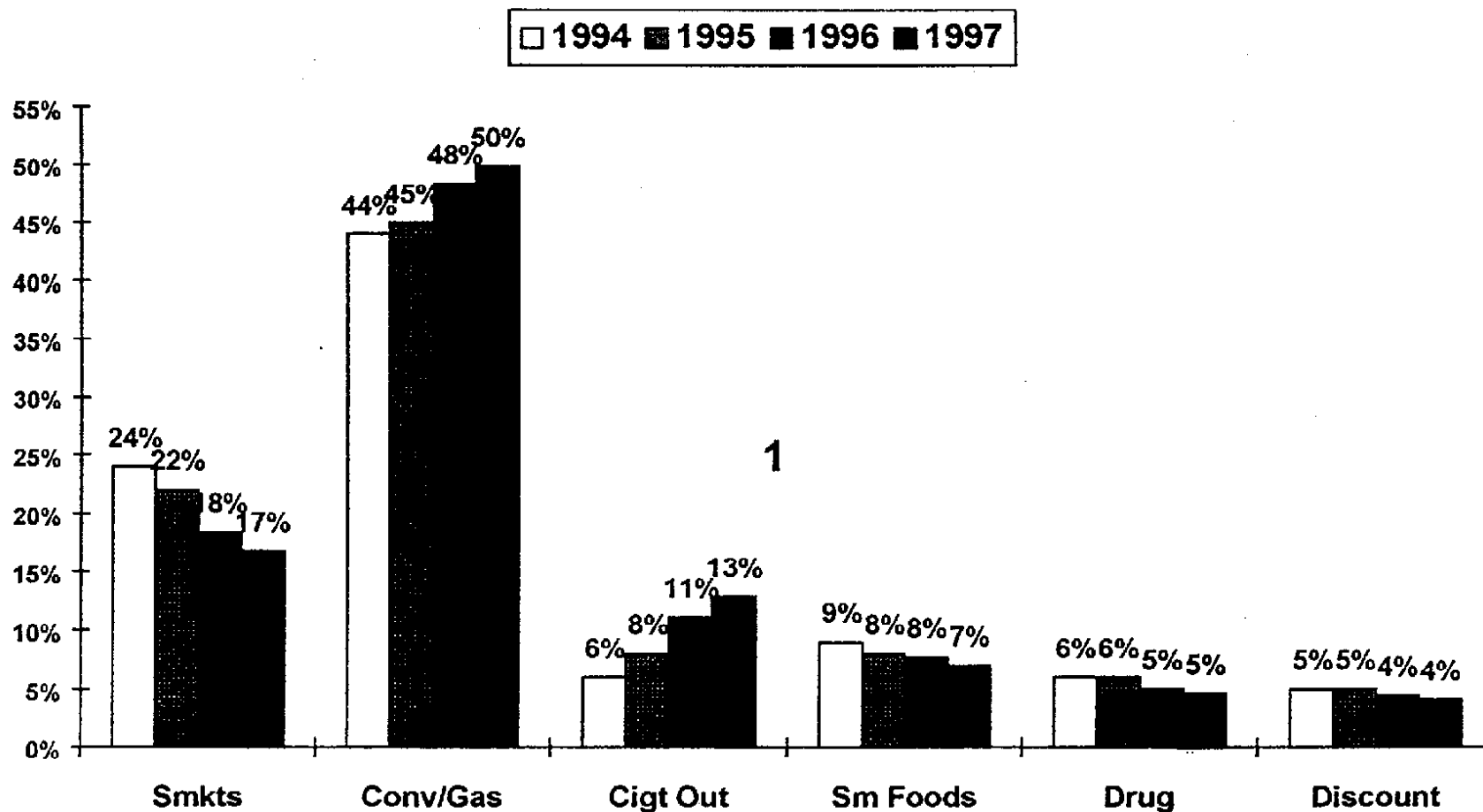


“Where Consumers Purchase”
Percent of U.S. Volume - 1997



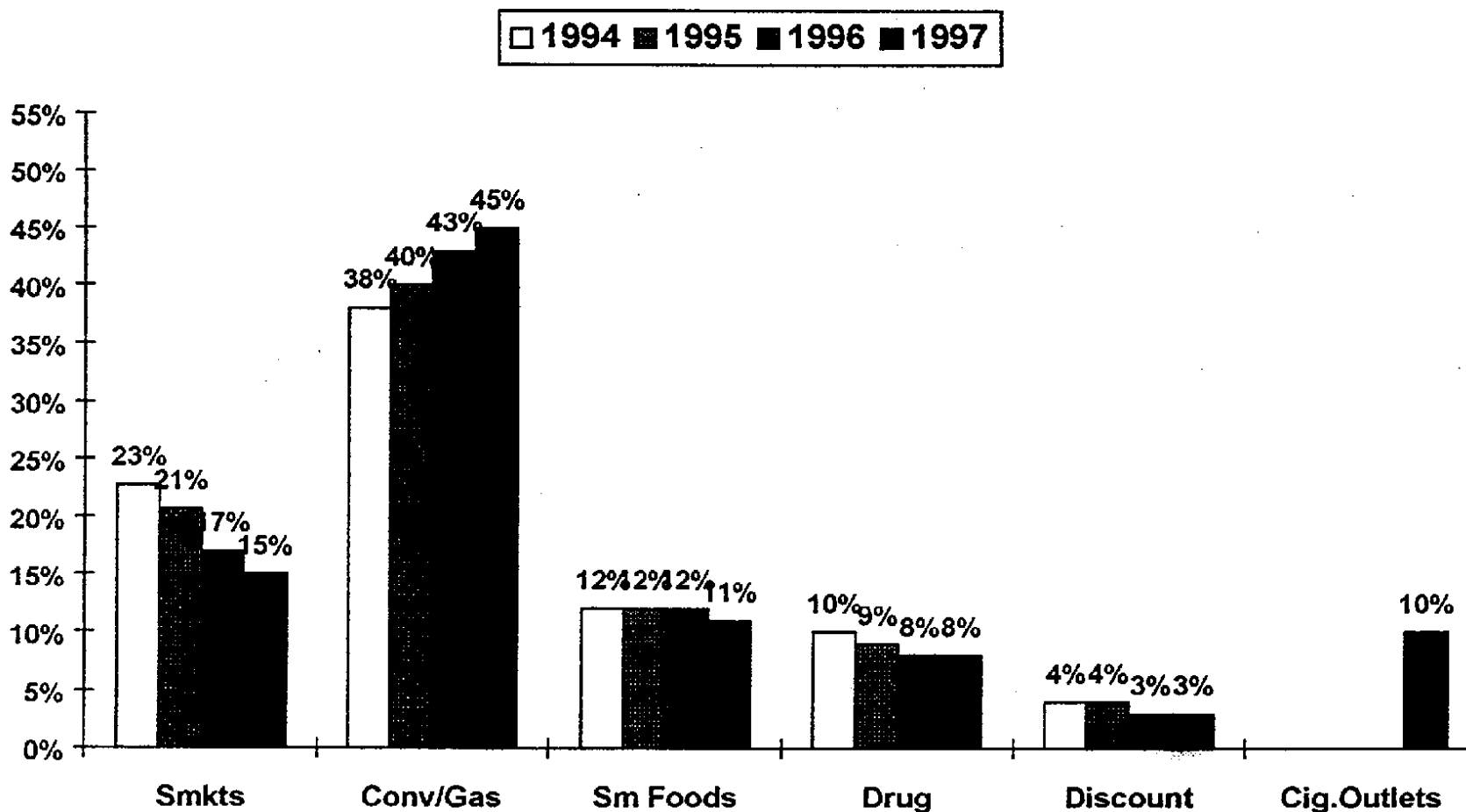
Total U.S.

Percent Cigarette Volume Trends By Retail Segment



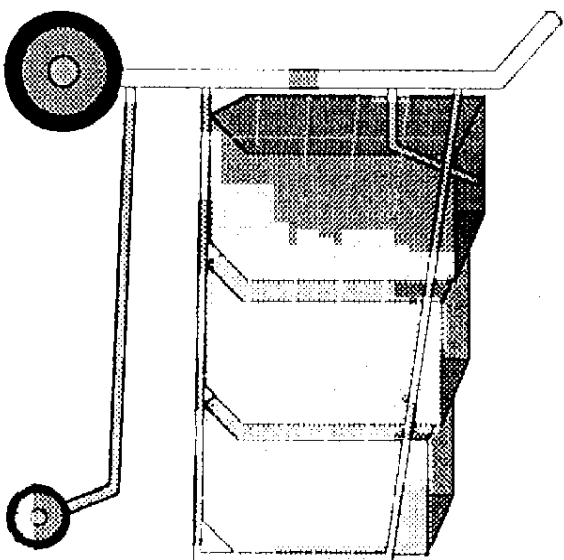
Northeast U.S.

Percent Cigarette Volume Trends By Retail Segment



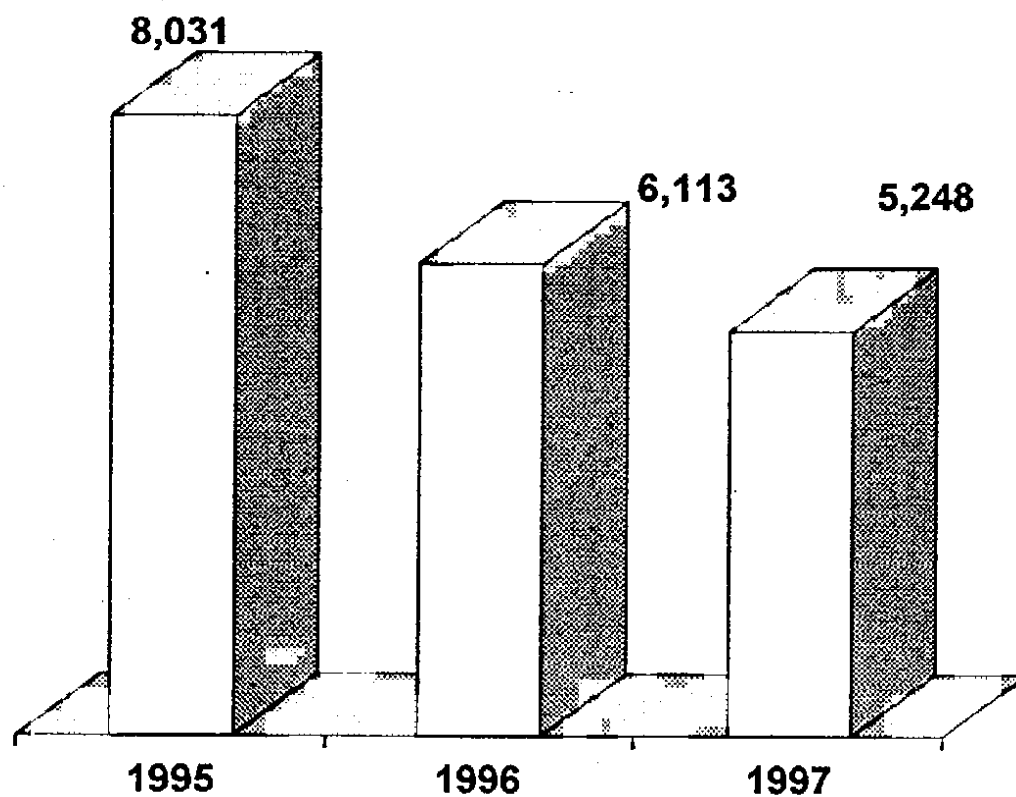
Supermarket Facts

- Annual supermarket sales of cigarettes are estimated to be at \$6.4 billion for 1997.
- The supermarket share of total U.S. cigarette volume is approximately 18%, and shows a steady decline VS other retail trade segments.
- Cigarettes account for about 3% of total supermarkets all commodity volume, equal to the combined sales of candy/gum, spices/extracts, canned vegetables, dried vegetables, and pickles/olives.
- The average supermarket sells approximately 267 cartons of cigarettes per week.
- 62% of the cigarette volume that moves through supermarkets is in cartons, 38% in packs.
- Supermarkets are highly developed among female smokers, 50+ year-old smokers, carton purchasers, ultra low tar smokers, and 100-120mm smokers.



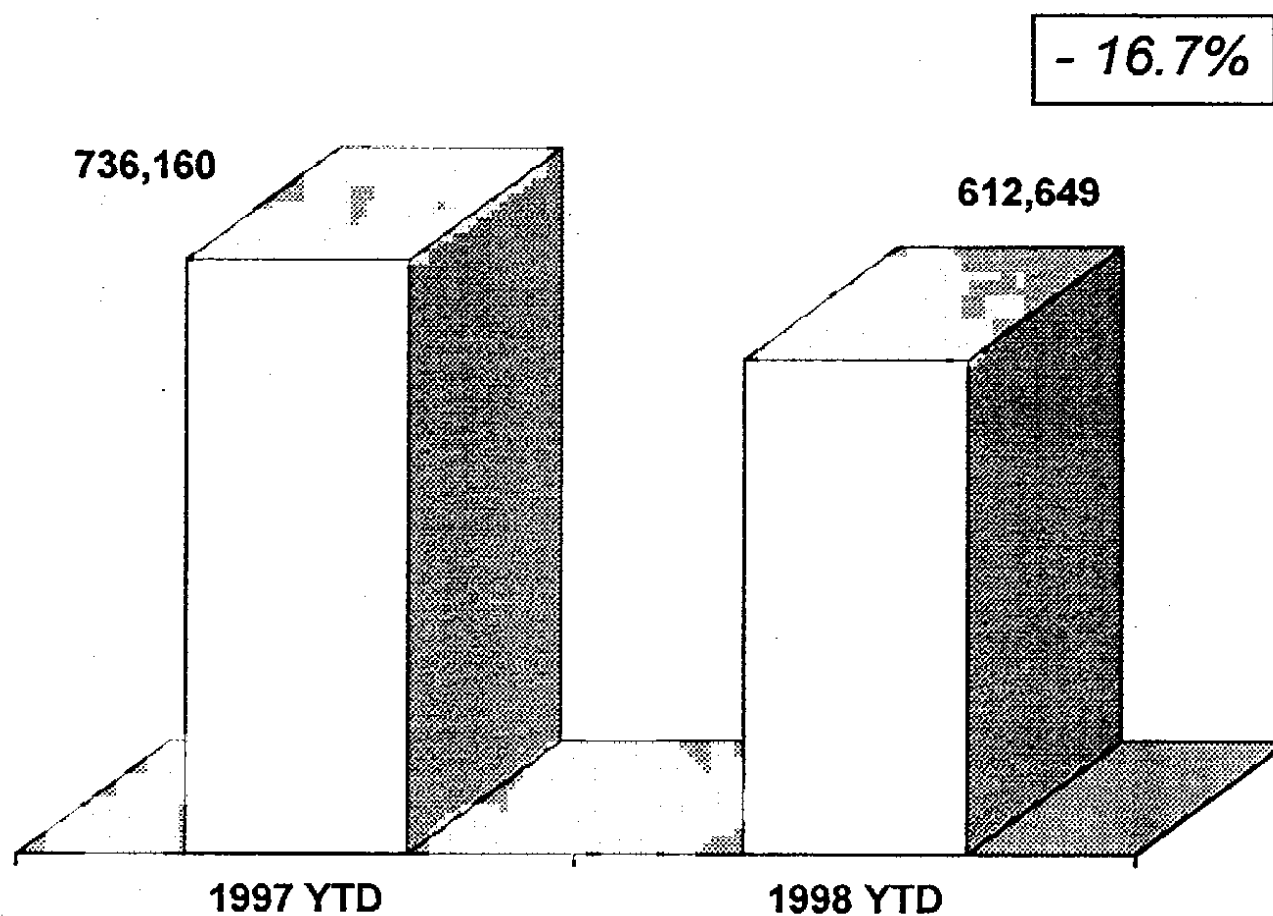
Plainbridge Inc.

RJR Case Volume 1995-1997



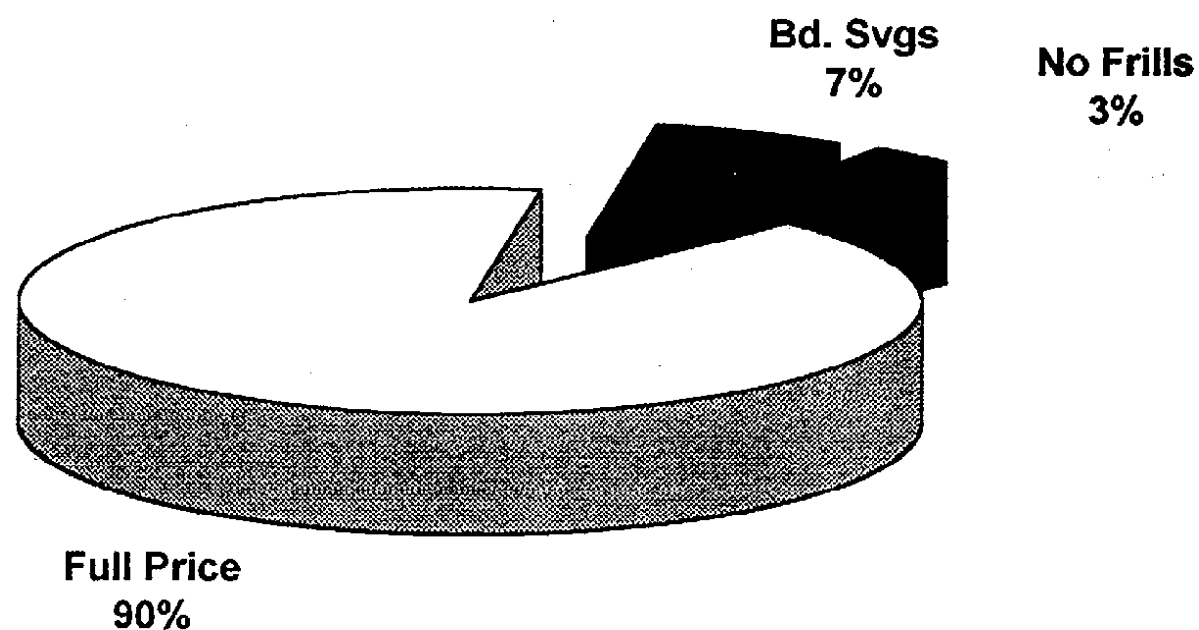
Plainbridge Inc.

Cigarettes Shipped To Stores (through 5/10/98)

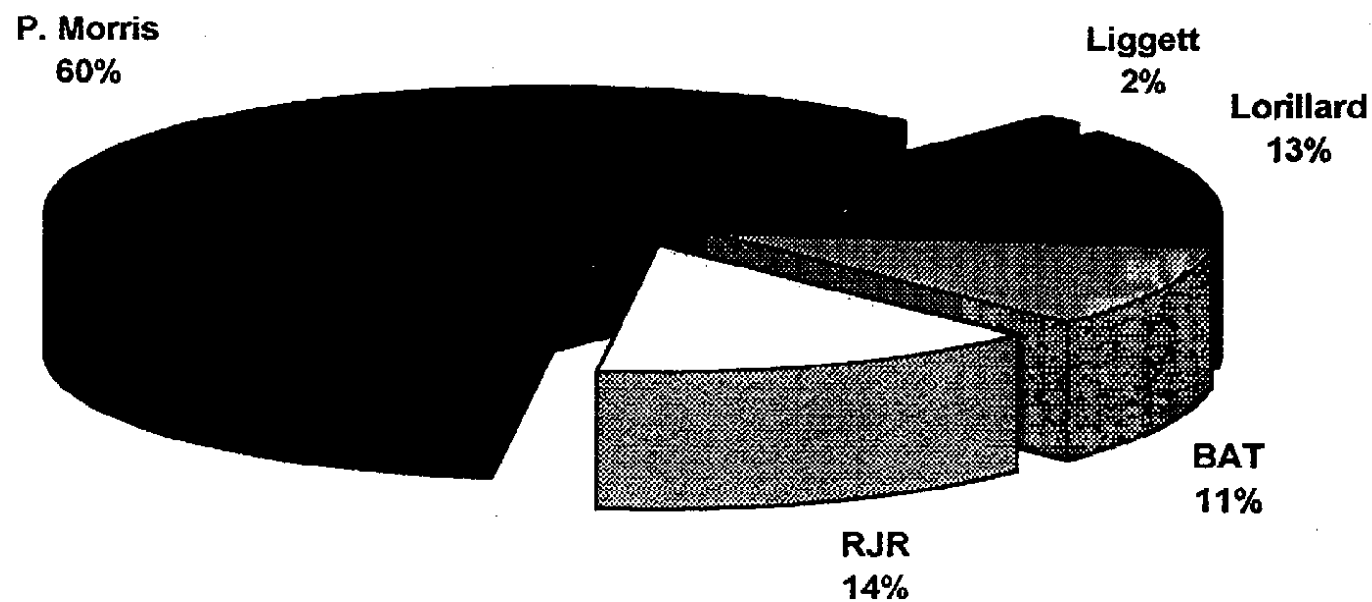


Source: RJR AIM System

Pathmark Stores Inc.
Cigarette Category
Price Segments



Pathmark Stores Inc.
Category
Manufacturer Share Of Market



Plainbridge Inc.
1997 Direct Purchase Programs

<i>Program</i>	<i>Total Earned</i>
<i>Price Increase Differential</i>	<i>\$ 18,190.00</i>
<i>Hand Stamping Allowance</i>	<i>\$ 1,170.00</i>
<i>Wholesale Partners Program</i>	<i>\$ 32,072.00</i>
<i>Standard Anticipation</i>	<i>\$ 125,409.00</i>
<i>Electronic Funds Allowance</i>	<i>\$ 18,661.00</i>
<i>Total Dollars Earned</i>	<i>\$ 178,502.00</i>

Pathmark Stores Inc. Retail Programs

<i>Program</i>	<i>\$ Paid</i>
<i>Coupon Payments</i>	<i>\$ 375,000.00</i>
<i>Electronic Coupon Program</i>	<i>\$ 32,800.00</i>
<i>Retail Partners Contract \$</i>	<i>\$ 60,000.00</i>
<i>Total Retail \$</i>	<i>\$ 467,800</i>